

EconLit LLC

Economic and Litigation Consulting

Randall R. Smith, MS, MBA, CMA

Mr. Smith is a Director with the Phoenix, Arizona based firm of EconLit LLC. He is an economist and Certified Management Accountant with over 20 years of experience in analyzing complex issues involving economics, finance, and accounting. He has consulted for companies in numerous industries such as aerospace and defense, communications and broadcasting, retail sales, oil and gas, real estate, pharmaceuticals, transportation, and computer software and services. Mr. Smith is experienced in evaluating complex financial transactions, accounting investigations, private company valuations, statistical analysis of data, and the quantification of lost revenues and profits, lost market share, and lost business opportunities.



Selected Experience

I. Accounting Investigations

- Investigated and analyzed accounting records, transactions, and financial statements pursuant to an investigation by the Securities and Exchange Commission regarding alleged earnings manipulations and potential violations of the Securities Exchange Act of 1934 by a Fortune 100 company.
- Investigated the validity of fraudulent billing allegations in the international air transport industry. Created a database and analyzed over 15,000 shipments that earned over \$30 million in revenue during a four-year period.

II. Antitrust

- Evaluated allegations of anti-competitive practices by a global computer software developer to maintain monopoly positions in certain software markets in an indirect-purchaser antitrust class action. Analyzed product profitability, by geographic region and channel, with particular emphasis on product development and marketing costs.
- Evaluated and quantified economic damages for a provider of direct-to-home satellite services due to alleged anti-competitive actions of a competitor. Researched the relevant market, generated market and financial projections, a market share analysis, and developed a lost profits model.
- Evaluated and quantified economic damages for a construction company involved in the installation, sale, and maintenance of natural gas refueling stations arising from the alleged anti-competitive actions of a monopolistic natural gas producer. Researched the relevant market, generated market projections, and conducted a market share analysis. Developed a microeconomic model of the affected market.

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III. Business Valuations

- Performed the valuation of a privately-held provider of rehabilitative therapy services for use in connection with the sale of the business. Developed normalized financial statements and employed the income and market approaches.
- Performed the valuation of a privately-held steel company for use in a minority shareholder dispute. Determined the financial implications of oppressive acts by the majority shareholder, and created a discounted cash flow valuation model.
- Performed the valuation of 35 skilled nursing and assisted living facilities for a healthcare company in bankruptcy. Extracted data from a complex financial model for use in projecting cash flows, working capital requirements, and capital expenditures to determine the value of continuing operations.
- Performed the valuation of a closely-held tire company for restructuring purposes. Analyzed future cash flows, guideline companies, and applied marketability and control discounts to achieve the equity value.
- Created a financial projection model for a start-up business, and analyzed the potential effects on the company's financial statements from a planned initial acquisition. Assisted with the development of the company's business plan.
- Created a financial projection model to generate financial statements and cash flow projections for use in a private placement of equity capital. Analyzed and provided support for updating the company's business plan.
- Assisted in the development of a valuation model for convenience and gas stores for use by franchise financing companies for purposes of calculating loan to value ratios for each facility. These loans were subsequently securitized and sold to private placement investors.

IV. Economic Damages

- Evaluated and quantified economic damages alleged by the acquirer in a \$380 million merger transaction in the truckload carrier industry. Analyzed the purchase price that would have been paid assuming disclosure of accounting irregularities impacting historical earnings.
- Evaluated and quantified economic damages for a manufacturer and lessor of transit temperature monitors in a breach of contract matter. Analyzed demand in the target segments of the time-temperature indicator market, and developed a lost profits model.
- Evaluated and quantified economic damages for a wholesaler and retailer of hearth products associated with the termination of a distribution agreement with a manufacturer. Analyzed product demand in the hearth industry, and developed a lost profits model.

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- Evaluated and quantified economic damages for a pharmacy benefit manager in a breach of contract matter. Analyzed and critiqued the opposing expert's damage analysis.
- Evaluated the issues surrounding allegations of business interference for a supplier in the natural spring water industry. Analyzed the water market and critiqued the opposing expert's damage analysis.
- Evaluated and quantified economic damages for a manufacturer of aircraft components in a breach of contract matter. Researched the aircraft industry and assisted in the development of a lost profits model.

V. Econometrics and Statistics

- Performed an analysis of the statistical sampling procedures used to identify and quantify various alleged construction defects at a condominium complex. Identified critical flaws in sample selection, sample size, and sample design that resulted in biased samples and misstated repair quantities when extrapolated to the population.
- Performed an analysis of the statistical sampling procedures proposed by a trustee-delegate in a plan to conduct a historical accounting of over 26 million known transactions in 260,000 individual accounts. Identified deficiencies with data, sample selection, sample design, and extrapolation.

VI. Intellectual Property

- Performed lost profits and reasonable royalty calculations for use in trial in a case alleging infringement of patented, coded optical-traffic preemption systems. The analysis included a definition of the relevant market and detailed analysis of the *Panduit* factors as well as the *Georgia Pacific* factors.
- Performed a profit apportionment analysis in a case alleging infringement of a software copyright agreement. Analyzed the software industry, assisted in the development of an extensive database of software products and a model that calculated revenue and profit contributions. Analyzed advertising, packaging, customer usage, and customer satisfaction surveys.
- Analyzed the licensing economics of a patented process for tenderizing beef. Analyzed competing technologies, the applicable market segment, pricing and partnering strategies, and image branding through packaging and advertising. Estimated a reasonable royalty rate for the intellectual property.

VII. Labor and Employment Litigation

- Evaluated and quantified economic damages alleged by a class of retail sales associates in a wage and hours dispute. Performed statistical analyses of over 1 million punch in-out time records.

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- Evaluated and quantified economic damages alleged by a certified class of pest control technicians in a wage and hours dispute. Performed statistical analyses for over 50,000 technician-months.

VIII. Real Estate Economics

- Performed an evaluation of redevelopment options for a 40-acre property. Plans included retail, office, residential, and hotel developments. Created a probabilistic-based simulation model to evaluate the potential cash flows and associated rates of return to the investors.
- Evaluated and quantified economic damages for the owner of a \$60 million mixed-use real estate development due to delay issues throughout design and construction. Analyzed current market conditions and developed a micro-economic model for the project.
- Evaluated and quantified economic damages for a real estate developer associated with a master planned golf course community in Las Vegas, Nevada. Analyzed the regional and local housing market, and critiqued the opposing expert's damage analysis.
- Evaluated and quantified the impact of environmental contamination on residential property values near an industrial facility in the State of New York. Developed a database containing over 2,400 sales transactions over a 15-year period, and utilized multivariate regression analysis to analyze property values by statistically comparing the subject area to a control area.
- Evaluated and quantified the impact of environmental contamination on residential property values near an industrial facility in the State of New Jersey. Developed a database containing over 1,500 sales transactions over a 14-year period. Compared trends in market prices and sales activity between the subject area and the rest of the municipality, and between the municipality and the county.
- Evaluated an opposing expert's methodology and the plaintiffs' Motion for Class Certification regarding property value diminution and groundwater contamination claims at a rocket manufacturing and development site in southern California.

IX. Securities Litigation

- Evaluated and quantified economic damages alleged by a certified class of shareholders involved in a \$500 million buyout transaction of a publicly traded real estate investment trust. Computed estimated amounts available for distribution per common share under 22 different liquidation scenarios.

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Teaching History

“Fundamentals of Finance”, Lectured (teaching assistant) on topics including the time value of money, risk and return, bond and stock valuation, capital budgeting, cost of capital, and capital structure and dividend policy, W.P. Carey School of Business, Arizona State University (1996–1998)

Professional and Business History

EconLit LLC, Director – Economic and Litigation Consulting (2002–Current)

PricewaterhouseCoopers LLP, Manager – Financial Advisory Services (1998–2002)

Arizona State University, Teaching Assistant/Lecturer – College of Business (1996–1998)

TD Securities Inc., Financial Analyst/Investment Representative (1996)

Charlton Securities Ltd., Financial Analyst/Investment Representative (1995–1996)

Education

Master of Science (Economics), W.P. Carey School of Business, Arizona State University

Master of Business Administration, W.P. Carey School of Business, Arizona State University

Bachelor of Commerce (Finance), Haskayne School of Business, University of Calgary

Professional Designations

Certified Management Accountant (CMA)